



# **Governor Linda Lingle**

## **State of the State**

**January 26, 2004**

**Mr. President, Mr. Speaker, members of the Legislature, Lt. Governor Aiona, cabinet members, Justices of the Supreme Court, OHA Chair Haunani Apoliona, Governor Waihee, Congressmen Case, Mayor Arakawa, Mayor Baptiste, Mayor Harris, Mayor Kim, Lt. General Dierker, Lt. General Gregson, Lt. General Campbell, Lt. General Renuart, Rear Admiral Godlewski, Capt. Wiltshire, elected officials, Consul General Rolando Gregorio dean of the Consular Corps and other members of the Consular Corps, distinguished guests, and to the people of Hawai'i... Aloha and good morning.**

**It is a great privilege to come before you again to reflect for a few minutes on the past, and then to look ahead to the coming year.**

**It is going to be a year of great opportunity for our state.**

**It is already a time of hope and optimism among the people of Hawai'i.**

**It is up to us to convert that hope and optimism into concrete results and to capitalize on the opportunities we see before us.**

**No one thought my first year in office would be easy, and it wasn't.**

**Everyone knew that power sharing after 40 years of one-party rule would require adjustments.**

**I guess you could say we are all still adjusting.**

**But, a complete picture of the past year would show areas of common ground, times of respectful give and take and some mutual achievements.**

**Our first real interaction occurred over my cabinet appointments.**

**Although most of these people were new to state government, and several had never worked in government at any level, you gave each of them a fair confirmation hearing.**

**I admit to you now that I was a little concerned when I read an interview quoting a Senate leader saying, "I never heard of any of these people." The truth is, I hadn't heard of most of them just a few weeks earlier.**

**Ten of my 16 cabinet appointees were people I met for the first time when I interviewed them for the job.**

**But just as I learned through the interview process, and you learned through the confirmation process, this is a superior group of individuals who are doing a great job for the people of Hawai'i.**

**The Senate unanimously confirmed all my cabinet appointees and I thank you for that, because they enabled me to begin carrying out my vision of a New Beginning for our state.**

**I consider the formation of the cabinet one of my most important first-year achievements, and I would like all the members to stand and be recognized for a job well done.**

**Both the House and Senate were an important part of the New Beginning as well.**

**I am especially proud of how we worked together to rewrite the state procurement law so we now have a contracting system that is open, accessible and devoid of favoritism.**

**It is no longer a matter of "Who you know," but "Whether you will do the best job for the people of Hawai'i at the fairest price."**

**Progress on our vision for a New Beginning often will occur by passing such a bill during the legislative session, but progress is not limited by our ability to get a new law passed.**

**Sometimes we make progress by rewriting administrative rules, as we did when we modernized and simplified the animal quarantine laws.**

**Sometimes we make people's lives better by changing long-standing but outdated policies, as we did in our new "Going Home Project" which gives hospitalized Medicaid patients the option of transferring their benefits to home-based or community-based settings.**

**This simple but significant policy change improves the quality of patients' lives, saves millions of taxpayers dollars, and frees up much-needed bed space in hospitals.**

**Sometimes progress is achieved in the form of public-private partnerships, such as Hawai'i Prescription Care, which is helping thousands of low-income people obtain medications at no cost to taxpayers.**

**Sometimes progress means bringing a comprehensive focus to an important issue, as we did by appointing our state's first tourism liaison.**

**Marsha Wienert is working effectively with industry leaders, legislators and the community to develop a comprehensive strategy to remain competitive in the years ahead.**

**At the same time, she is working effectively with her fellow cabinet members to make certain that state parks, airports, harbors and other infrastructure is in place to sustain a healthy visitor industry.**

**Sometimes progress comes about through appropriate expressions of gratitude and respect for our friends, as we have shown to our nation's military leaders stationed in Hawai'i.**

**This mutual respect enabled us to successfully complete the return of Kaho'olawe when many felt successful negotiations were unlikely.**

**I want to give special thanks to Attorney General Mark Bennett, Admiral Barry McCullough, the Kaho'olawe Island Reserve Commission, and the Hawaiian community for their commitment to resolve the issue of access in a way that maximized safety.**

**Sometimes an executive order can solve a long-standing problem, as was the case with payments owed to the Office of Hawaiian Affairs.**

**We used both an executive order and an appropriations bill to make back payments and resume payments to OHA for certain ceded land revenues we believed had been unfairly withheld.**

**Sometimes you can improve the quality of life by reviving an old idea that never got implemented, such as the Nimitz Highway Contra-Flow Lane, which Transportation Director Rod Haraga pushed to completion.**

**Sometimes we make progress through a more creative and aggressive use of federal funds.**

**The state had previously failed to claim millions of federal Medicaid dollars.**

**In 2003 Director Lillian Koller took the necessary steps to begin receiving more than \$10 million each year in new federal dollars without spending additional state funds.**

**And sometimes we can make progress by just keeping our promises.**

**For example, we promised to find money to support youth centers in the Kalihi area after vetoing the use of the Rainy Day Fund.**

**We made good on that promise by securing federal funds to continue to operate these centers.**

**Lt. Governor Aiona's drug summit, which I will speak about later in some detail, so impressed federal officials that they granted \$3.6 million dollars for our efforts to help those suffering from both drug addiction and mental illness.**

**Yes, there is much we can do outside the legislative process.**

**But there are so many important things that only you legislators can do.**

**Only you can place important constitutional amendments on the ballot that will reform public education and institutionalize budget integrity.**

**Only you can adopt a supplemental budget that addresses pressing needs such as repairing and improving state parks and schools, fully funding our state hospitals, and reducing the tax burden on our lowest wage earning residents.**

**And only you can amend or repeal existing laws that are impeding progress or pass new laws that will help us achieve our goals of a safe, healthy and prosperous state.**

**It is clear that much has changed since the last legislative session, particularly the economic and budget picture.**

**The lessons of the past year dramatically demonstrate the importance of fiscal discipline.**

**It was only a few months ago that we experienced substantially reduced revenue estimates, a large projected deficit and budget restrictions.**

**Throughout the past year, we worked hard to inspire fiscal discipline and budgetary integrity in order to meet these challenges while maintaining needed services.**

**My administration's goal then was to continue providing quality services while balancing the budget without raiding the Hurricane Relief or Rainy Day funds.**

**We accomplished that goal.**

**But balanced budgets proposed by the Executive Branch are only half of the fiscal equation.**

**The State Legislature plays an equally important role in ensuring Hawai`i's financial integrity.**

**That is why I propose amending the State Constitution to require the Legislature to enact a balanced budget.**

**This is no different than the law in 40 other states, and it sends a strong message that government is serious about living within its means.**

**Let's work together to pass this important legislation.**

**The session ahead presents so many opportunities...opportunities to correct past mistakes, devise new solutions to old problems, capitalize on changing circumstances, and the chance to lay down a clear path to a bright future.**

**I know each of you has ideas on how to make life better for the people of Hawai`i, and I look forward to hearing them.**

**At this time, I would like to share my priorities for the upcoming session.**

**The five areas our administration will focus on are: building safe communities, promoting a healthier Hawai`i, preserving our unique environment, maintaining a strong economy, and revamping the public school system.**

**Public safety is one of the fundamental responsibilities of government.**

**Safe neighborhoods promote a sense of social well-being and are essential if our state is to flourish.**

**Our children need to be safe when they are at school. Our kupuna need to be safe when crossing the street.**

**Your wives and sisters need to be safe walking to their cars late at night.**

**And visitors need to return home with all the valuables they brought with them on vacation.**

**Our anti-crime initiatives to build safer communities are three-pronged – combating substance abuse, increasing public safety and protecting vulnerable young people from being victimized.**

**In September of last year, Lt. Governor Aiona convened the Drug Control Strategy Summit to identify approaches for tackling the illicit drug use and underage drinking that has devastated so many families.**

**This problem is tearing apart the fabric of our society.**

**Substance abuse affects families all across the state, and lately it has generated much publicity and compassion.**

**But acting on that compassion with solutions that work has been largely unsuccessful.**

**This problem didn't just happen lately.**

**It has been years in the making.**

**And even though we have spent tens of millions of dollars trying to address the issue, past efforts have lacked the coordination needed for success.**

**We have already allocated \$19.6 million in our 2005 budget for drug treatment, but spending more money without coordination will not solve the problem.**

**Prior to the state's first drug summit, Lt. Governor Aiona listened to suggestions on how to deal with this problem at 14 community forums held across the state.**

**Many of the initiatives we are proposing today are based on recommendations he received from community leaders and citizens at those forums.**

**Community leaders across the state agree that one of the most effective ways to combat drug abuse and underage drinking is providing healthy after-school activities during a child's adolescent years.**

**That is why we are implementing new after-school programs now targeted at middle school students.**



**These programs would be paid for with up to \$5 million in already available federal funds to provide healthy activities for children in the most vulnerable age group.**

**These programs will enrich our children and provide peace of mind for their parents.**

**We are asking the Legislature to impose serious prison time for those brazen enough to make illegal drugs in the presence of a child, and an additional five years if that child suffers bodily harm.**

**We are recommending enhanced penalties for those who manufacture illegal drugs.**

**We want limits on the sale of chemicals that can be used to manufacture the drug "ICE." And we are introducing a bill to regulate the sale of paraphernalia that could be used to make illegal drugs.**

**Above and beyond this, I call upon legislators to make permanent the law that allows for the seizure and forfeiture of cars and other property belonging to convicted drug felons.**

**The law allowing such seizures is set to expire on June 30 of this year.**

**Let's make certain we keep this law on the books.**

**As you know, we are proposing legislation to strengthen Hawai'i's electronic surveillance laws.**

**This is a proven, reasonable tool in the identification and arrest of drug dealers and other criminals.**

**It is essential that we modernize our electronic surveillance laws so law enforcement has access to the same capabilities that criminals have.**

**We need to stop fighting 21st Century crimes with 20th Century laws.**

**As an additional measure, we are asking the Legislature to authorize a Constitutional Amendment legalizing the "walk and talk" and "knock and talk" programs.**

**These are vital tools police officers need to identify and apprehend drug carriers at airports, harbors and suspected drug houses.**

**Law enforcement's hands have been tied for too long.**

**It is time we leveled the playing field between the criminals and those sworn to protect us.**

**In addition, communities can be made safer when repeat offenders are kept off the streets and away from our families.**

**How many times have you read a newspaper story or seen a television report about a crime committed by a person with 10, 20 or more than 30 prior convictions?**

**We need to stop this "revolving door" syndrome! That is why I am proposing legislation to toughen mandatory and minimum sentencing laws for repeat offenders.**

**And how many times have you heard about innocent victims being injured or killed by drivers who were speeding or under the influence of alcohol or drugs? That is why we want to make it a felony for people to continue driving after their license has been suspended or revoked.**

**But more effective law enforcement tools and tougher sentencing are not enough.**

**There must be adequate facilities to house convicted criminals.**

**There has been no major capital investment in our prison system since 1991.**

**We are therefore requesting \$8.4 million in emergency repairs and maintenance for jail and prison facilities, and \$1.5 million to plan for the replacement of O`ahu Community Correctional Center.**

**Years of past neglect must be addressed and I have asked Director of Public Safety John Peyton to continue his efforts to develop a comprehensive, long-range plan for repairing, maintaining and replacing our aging prisons and community correctional centers.**

**He is also tasked with identifying additional treatment, vocational and transitional programs that will increase the likelihood of a prisoner leading a productive life upon release back into society.**

**The process of building safe communities includes protecting those who are most vulnerable – children, senior citizens and people living in poverty.**

**My administration is proposing legislation to add child pornographers to the registry of sex offenders.**

**Further, we believe the Constitution should be amended to allow public access to records of sex offenders.**

**This is frequently referred to as Megan's Law.**

**This would make it easier for parents to obtain information that identifies sexual offenders in their neighborhoods.**

**Few people are aware that police officers lack the authority to enforce trespassing laws in public housing projects.**

**Current laws treat these housing projects as private property, making it difficult for police to remove disruptive individuals from those projects housing the poor and elderly.**

**We want this law changed.**

**There is broad, bipartisan support for these common-sense proposals to make our communities safer.**

**Let us work together to ensure that these bills are enacted into law this session.**

**The safety and security of our communities depend upon it.**

**Beyond basic safety, we want this to be a time of achieving a healthier Hawai`i.**

**We are blessed to be one of the healthiest states in the nation.**

**We breathe clean air, suffer minimal industrial pollution, enjoy the kind of year-round weather that encourages healthy lifestyles, and benefit from modern, top-quality medical facilities.**

**Hawai`i continues to be a leader in providing health coverage for its citizens, but there are significant gaps in coverage for too many children and adults.**

**The Prepaid Health Care Act provides health insurance coverage for those who are employed 20-hours or more per week.**

**However, approximately 10% of Hawai`i's population remains uninsured.**

**I ask for your support of both of our budget requests and legislative proposals to address the critical medical needs of our uninsured residents.**

**First, we are proposing an additional \$2.7 million to provide a total of \$4.9 million dollars for primary care for uninsured residents at community health centers. This is a small investment that will yield big results.**

**I visited five community clinics on four islands during the past year and found their boards and staffs to be committed to quality care for both the insured and uninsured in their neighborhoods.**

**Their outreach efforts, combined with talented staff who make effective use of limited resources, are already providing quality health care to thousands of children and adults who otherwise would go without.**

**These services also mean that fewer people end up in the emergency room because they couldn't receive basic care on an ongoing basis.**

**My administration is also proposing an additional \$5 million in state funds to be matched with federal dollars so we can provide medical assistance to an additional 6,000 children who are currently eligible for Medicaid, but not enrolled due to cultural or other barriers.**

**These funds will also be utilized to enroll 1,000 additional very low-income adults who have been shut out of the program due to enrollment caps.**

**We are also proposing to spend an additional \$18.5 million for mental health services across the state.**

**After decades of neglecting the mental health needs of Hawai'i's families, we must be bold in our attempt to deal with this difficult and heart-wrenching problem.**

**This funding would allow our Community Mental Health Centers as well as the Hawai'i State Hospital to handle more patients, and would help those homeless people suffering from mental illness.**

**Besides spending additional state and federal funds, there are several other measures we will propose to help decrease costs and extend health insurance coverage.**

**We are recommending again, as we did in 2003, that the Legislature eliminate the premium tax on new companies that would like to sell medical insurance to Hawai'i residents.**

**This would increase competition by leveling the playing field and thus lower health insurance costs.**

**We are also proposing that you pass a law enabling members of business associations to join together in negotiating affordable group health insurance rates to cover their employees.**

**Everyone knows that the cost of prescription drugs is a big part of the price of health care.**

**To increase the availability of lower-cost generic drugs, we are proposing legislation to improve procedures of the Drug Product Selection Boards.**

**We also recommend that you amend the prescription drug program enacted last year, known as Hawai'i Rx, to ensure that it targets those residents who can least afford to purchase their medications.**

**In particular this program should focus on families who meet the federal poverty guidelines and who are not eligible for Medicaid or an employer-provided health plan.**

**To address the important issue of long-term care, we are recommending three initiatives.**

**First, I urge you to join me this year in supporting state tax credits for those families and individuals who take responsibility for their own long-term care by purchasing insurance.**

**Secondly, for those already living in long-term care facilities, we are requesting over \$3 million in state and federal funds to expand options for the elderly and disabled to use more home- and community-based nursing care.**

**These funds would be augmented by nearly \$860,000 for in-home chore services, allowing more people to remain longer in their own homes.**

**Taken together, these proposals will not by themselves provide complete medical care for all our residents; but each proposal will mean meaningful progress toward our mutual goal of all residents having access to affordable, quality health care, while allowing us to live within our financial means.**

**The expression "an ounce of prevention is worth a pound of cure" reminds us that often it is our own actions that have the biggest impact on our health.**

**The simple, common sense choices to avoid tobacco, excessive alcohol and harmful drugs, eat sensibly, exercise and get a sufficient amount of sleep will determine our quality of life to a large degree.**

**Each of us can help lower our health care costs by making good lifestyle decisions.**

**A healthy environment is also essential to the well being of our state.**

**Hawai'i is blessed with a unique abundance of natural resources and beauty.**

**These gifts require thoughtful stewardship.**

**Too often attempts at stewardship have been reactive rather than proactive.**

**That is why this Administration is pledging to spend \$20 million over the next four years to tackle the challenge of invasive species.**

**This program is unprecedented in scope and scale.**

**A lack of preventive action against invasive species has resulted in disastrous ecological consequences.**

**The danger of continued inaction cannot be overemphasized.**

**No one who viewed Lake Wilson early last year before our massive clean up will ever doubt the destruction an invasive species can wreak on our environment.**

**The \$5 million annually we are proposing will support Hawai'i's Invasive Species Council in its efforts to eradicate existing problems and prevent new species from arriving on our shores.**

**It is important to note that this money will be doubled by matching funds from the federal government as well as private sources.**

**This means approximately \$40 million will be spent to tackle the problem over the next four years.**

**Coupled with the invasive species initiative, it is important to remain vigilant in addressing man-made contaminants.**

**That is why our Administration is proposing legislation to make illegal dumping of solid waste a felony.**

**We will also encourage private landowners to work cooperatively with the State Department of Health to clean up contaminated properties.**



**As an island state with an economy based to a significant extent on tourism, the environment remains a critical part of our economic well-being.**

**Yet, here too, the past practice has been one of reaction rather than positive action.**

**For too many years, state parks and marine facilities have been poorly maintained and allowed to fall into disrepair.**

**Therefore, we are proposing a \$14-million bond to improve state park facilities.**

**Our 69 parks and recreational areas accommodate more than 15 million visits a year.**

**The funds we are requesting would be the first installment of a multi-year program to bring our parks up to the level our citizens deserve and our visitors expect.**

**We are also requesting \$10 million to renovate small boat harbors statewide.**

**Safe access to our oceans and adequate, well-maintained harbors are part of both environmental stewardship and improved recreational opportunities.**

**Preserving the environment also means making wise land use decisions.**

**Twenty-five years ago the Hawai'i State Constitution was amended to require that the state conserve and protect agricultural land.**

**Over the years, a lack of consensus between various interest groups has stymied all attempts to pass legislation that would accomplish this important mandate.**

**Now an opportunity exists to fulfill this Constitutional mandate through the collaborative efforts of many.**

**We are seeking Legislation that would allow the counties to play a key role in identifying "Important Agricultural Lands," guided by criteria adopted by the Legislature, with final approval by the Land Use Commission.**

**I look forward to working with the Legislature to fulfill this 25-year-old constitutional mandate .**

**Hawai`i is blessed with a diversity of natural energy sources.**

**Conservation, waste-to-energy programs and alternative energy initiatives can reduce our dependence on fossil fuels and move our state to the forefront of progressive energy policies.**

**To demonstrate the state's commitment and leadership role, I ask you today to pass our bill that mandates 20% of all electricity sold in the year 2020 come from renewable sources.**

**This ambitious goal would be mandated in steps through a balance of incentives and penalties.**

**We are also proposing a bill to encourage the use of non-fossil fuels by exempting them from the Hawai`i state fuel tax.**

**The state's ability to pay for such things as a fuel tax exemption, drug treatment programs, maintenance of state parks and small boat harbors, and health care for the poor depends on an expanding and sustainable economy.**

**And a healthy economy means an increase in the standard of living for each and every person in Hawai`i.**

**It means better-paying jobs and the chance for thousands of our sons and daughters to return home.**

**The good news is that our economy is starting to rebound after years of stagnation.**

**The latest statistics indicate strong job growth, increased personal income and record low bankruptcies.**

**And although forces beyond our control can dramatically impact the economy at times, a sustainable, vibrant economy is neither the result of wishful thinking nor chance.**

**It is the result of eliminating obstacles to business creation and job growth, encouraging the entrepreneurial spirit in our citizens, investing in both existing and emerging industries, and fostering the attitude that labor, government and business can work cooperatively for their mutual benefit.**

**One negative effect of our expanding economy and prosperous real estate market is the serious lack of affordable rentals in low-income categories.**

**To address the need for affordable rental housing, I am calling upon the Legislature to increase by \$100 million the borrowing authority of the Housing and Community Development Corporation of Hawai'i.**

**This will provide money to finance construction and rehabilitation of more housing units around the state.**

**I will also call upon the private development community to use its expertise to help us address a projected shortfall of 30,000 housing units in the low-income category.**

**The first step the Legislature can take to improve the standard of living for our citizens who need it most, is providing tax relief for the lowest wage earning families.**

**I am again proposing legislation to raise the standard deduction over the next three years to equal 50% of the federal standard deduction.**

**Hawai'i's standard deduction has not been adjusted in 20 years.**

**When this simple change is fully phased in, more than 19,000 low-income wage earners will be relieved of any income tax burden.**

**This is more than a tax issue.**

**It is a matter of social justice.**

**We are also proposing to exempt from state income taxes the military pay of our citizens in uniform fighting in hostile combat zones.**

**This exemption would apply to the Hawai'i National Guard and to reserve forces of the Army, Navy, Air Force, Coast Guard and Marines.**

**I urge the Legislature to join me in showing our citizen soldiers and their families how much they are appreciated by passing this piece of legislation – and passing it quickly! Joining us in the Chamber today are members of all branches of our military.**

**Please join me in a round of applause for their service to our state and to our country.**

**I also would like each of us to offer a special silent prayer for those soldiers who are being deployed to Iraq and Afghanistan...**

**Thank you...I know your prayers mean a lot to each of them and their families.**

**To continue our efforts in building a business-friendly climate in Hawai'i, we are requesting legislation to allow the Department of Commerce and Consumer Affairs to lower business registration fees and adjust other fees as warranted so this department itself runs like a business.**

**These cuts, along with others made in the department, would save businesses roughly \$6 million by June of 2005.**

**Also, we want to eliminate the current charge businesses must pay to receive something called a "Certificate of Good Standing." When companies comply with our laws, they shouldn't have to pay the government to acknowledge that fact.**

**The business community should be our partner in economic development, not a profit center for government bureaucracy.**

**We will pursue several insurance-related reforms this session aimed at bringing down the cost of living and the cost of doing business.**

**We are proposing improvements in the workers compensation system because the cost of this insurance is a substantial business expense that restricts job growth, and because we believe the system can work better.**

**Our proposed reforms include: fighting fraud by giving the Insurance Commissioner authority to investigate workers compensation fraud the same way he is currently able to investigate automobile insurance fraud.**

**We want to give residential building contractors the opportunity to lower their insurance costs through legislation permitting them to repair defects before litigation is filed.**

**This will help hold down escalating housing costs.**

**We also want to build on Hawai'i's strong reputation in the captive insurance field by making our state a port of entry for foreign insurance companies that would like to do business in the United States.**

**When more foreign as well as domestic insurance companies choose Hawai'i as their headquarters, it enhances our state's reputation as a good place to do business.**

**Besides these insurance reforms, we ask you to work with us in providing improved investment tools to encourage technology industries, as well as non-tech businesses, to locate and stay in our state.**

**The programs we are proposing would encourage investments through professional venture capital managers and offer incentives for investment in University of Hawai'i-based research.**

**The objective would be to help not only start-up firms, but also more mature companies that are ready to launch a product or service.**

**For the tourism industry, all indications point to 2004 being a better year.**

**Visitor counts are up, additional airline flights are scheduled, hotel occupancy rates are higher, and the cruise ship industry will add ships and ports of call.**

**To respond to this increased demand as well as new security requirements, my administration has requested approval to spend federal funds for improving the airports in Honolulu and Kahului.**

**We are also asking the Legislature to support funding to upgrade our harbors to accommodate additional cruise ship passengers.**

**And we have requested \$2 million for renovations and maintenance at the Hawai'i Convention Center to preserve the investment we have made in this important facility and to forestall costly repairs in future years.**

**Fair tax policies, eliminating obstacles to job growth, encouraging entrepreneurs and diversification, building necessary infrastructure, and fostering business/labor/government collaboration all can create economic expansion.**

**But only a quality public school system can sustain that expansion in the years ahead.**

**Quality education is the most valuable gift one generation can give to the next.**

**Every culture values education because it holds the key to success, not only for individuals and families but for society as a whole.**

**That is why I have made education my highest priority.**

**Education gives us the tools we need to reach our full potential as individuals.**

**Education imparts the knowledge we need to pursue a career and earn a good living.**

**Education enables us to understand and participate in our great American democracy and appreciate the cultures and systems in other countries.**

**And a quality education system provides both the entrepreneurs and workers needed to build new businesses and create jobs that will sustain our economy and a high standard of living for years to come.**

**While my major focus will be on K-12 education, I, like you, am fully aware of the role the University of Hawai'i plays in our economic and social life.**

**My supplemental budget includes major commitments for the new medical school and library, the innovative Academy for Creative Media, previously called the UH Film School, and for the construction-related apprenticeship programs offered through the community colleges.**

**In addition, I have asked for an additional \$25 million for repair and maintenance of buildings throughout the UH system.**

**Again, it is important that we protect the investment taxpayers have already made in the university.**

**In order for Hawai'i's people to gain admission to UH or another college or university here at home or on the Mainland, we must have a public school system that properly prepares students to compete.**

**Everyone agrees that students have a better chance of excelling in a subject if their teacher is highly qualified.**

**My budget requests \$480,000 to pay teachers \$5,000 more per year when they achieve certification through the National Board for Professional Teaching Standards.**

**Hawai'i's school facilities have suffered from years of neglect, despite citizen-led efforts to improve them.**

**Leaking roofs, falling walkways, inoperable restrooms and faulty fire alarm systems are a few examples.**

**That is why I am asking the Legislature for \$90 million to fund basic repairs and maintenance at campuses around the state.**



**We need this \$90 million in order to keep pace with the ever-growing list of repair and maintenance requests from elementary, middle and high schools on all islands.**

**Emotions are running high about how best to raise student achievement and reform our education system.**

**Let's lower the volume and look at the facts.**

**The problem is not our students.**

**They are capable of excellence.**

**The problem is not our teachers.**

**They are among the most committed in the nation.**

**The problem is not money.**

**Hawai'i allocates \$1.9 billion a year supporting our public school system, ranking us 14th in the nation.**

**That figure represents one-half of the General Fund budget.**

**And over the last 30 years, the Department of Education has hired 96% more people while student enrollment has remained level at about 180,000 students.**

**So, what is the problem? Why don't our children do better? After reviewing past reports, consulting experts, and listening to people across the state, we have concluded that our school system is structured in a way that just doesn't work for the children.**

**It didn't work last year or five years ago or ten years ago.**

**And, although you have made attempts to fix it in the past, it still doesn't work as evidenced by both state and national test scores.**

**Numerous reports have been published on Hawai'i's public school system.**

**All point to the same problem – the way decisions get made.**

**The Department of Education decides how all resources are spent, resulting in only 50 cents of each dollar reaching the schools.**

**The centralized Department of Education is too far removed from the schools to see and respond to actual teacher and student needs.**

**Last September I appointed 25 people to a committee to help me prepare education reform recommendations.**

**The committee is called CARE, Citizens Achieving Reform in Education, and is made up of traditional and charter school principals, teachers, business leaders, a former DOE official, a teacher's union official, a member of the State Board of Education and parents.**

**CARE conducted a series of community meetings across the state.**

**Committee members and expert consultants examined prior reports on our educational system.**

**CARE concluded that the structure of public education in Hawai'i is ineffective.**

**It is important to note that we are the only state in the nation where all decisions are made by a single, statewide board of education.**

**And, as you know, test scores have consistently ranked our students at or near the bottom of the nation.**

**These facts, coupled with past failures to fix the system, point to the obvious conclusion that it is time to stop tinkering and instead restructure our school system.**

**It is important to remember that in 2002 both the House and Senate voted to place a Constitutional Amendment on the ballot to create local school boards.**

**Unfortunately, this proposed amendment never made it onto the ballot.**

**I call upon every Legislator to again enthusiastically support placing a Constitutional Amendment on November's ballot to allow the voters of Hawai'i to decide if they want to establish local school boards or if they want to allow our current failing system to continue.**

**Along with local control, our education reforms call for putting more money into the classroom.**

**This can be done through a weighted student formula assigning a specific amount of money to each student based on his or her specific education needs.**

**My education bill mandates that 90% of operating funds would go directly to the schools instead of being swallowed up by a vast bureaucracy.**

**The third component of our education reform package is empowering principals to function as true leaders.**

**Principals would be expected to maintain the confidence of teachers, parents and staff and be held accountable for student success – much as CEOs are held accountable for the success of their companies.**

**Fourth, we are proposing legislation to establish a Statewide Education Standards and Accountability Commission as many other states have.**

**This commission would be tasked with maintaining rigorous standards and fairly allocating funds to all schools in the state.**

**Members would be appointed by the Legislature and confirmed by the governor.**

**Under our fifth proposal, public charter schools would finally receive fair and adequate funding, both for operations and facilities.**

**And the cap on new start-up charter schools would be lifted.**

**Our final initiative is to ensure students, teachers and staff have safe schools.**

**We are proposing increased funding for additional security attendants.**

**I am also asking the Legislature to give teachers more authority to remove disruptive students from their classrooms.**

**My goal is to begin implementing these initiatives by the fall of 2005, with final transition occurring by the fall of 2006.**

**Some have suggested that our school reform plan is moving too fast.**

**Thirty years of studies and reports and increased spending and minor adjustments to the system prove otherwise.**

**I believe the people of Hawai'i have waited too long for the schools to improve.**

**Now is the time to move forward with great determination because each year of further delay means thousands more students will lack the basic education they need to succeed in life.**

**The good news is, we have universal consensus that improved student achievement and education reform is the most critical issue for this legislative session.**

**However, some question the value of breaking up our statewide Department of Education into separate districts governed by locally elected school boards.**

**They say this approach would not be effective and would only add to the bureaucracy.**

**Those claims are simply not true!**

**National studies consistently find that smaller school districts perform better than larger ones.**

**In a small district, decision-making is simpler, faster, and more in tune with the community.**

**The problem of a single statewide board of education is highlighted by the experience of Lahianaluna High School on Maui.**

**The school wanted to change the date of its graduation ceremony by a couple of days.**

**The State Department of Education said NO!**

**It was only after a protracted community outcry, including a major letter writing and telephone campaign, as well stories and editorials in the local newspaper, that the statewide Board of Education acquiesced to the desires of the students, parents, teachers, administrators and the community.**

**With local autonomy and a local community school board, the decision to change graduation day could have been made in a day!**

**This example clearly illustrates why local boards should be voted on in November!**

**"Let the people decide" is my way of summarizing the public's role in this issue.**

**But only you can make it happen by approving a Constitutional Amendment on this crucial local school board issue.**

**This is not about politics or my idea versus yours; this is about the kids!**

**Involving voters in this issue will show respect for the people of Hawai`i.**

**It is the kind of respect we show for neighbors, friends and o`hana.**

**It is the kind of respect that makes Hawai`i such a special place.**

**It is easy to dismiss the often-used phrase..."Hawai`i is a special place" as a tourism or election slogan.**

**Yet each of us has experienced firsthand the profound distinction this phrase represents.**

**It is seen in the unspoken salute of a shaka when someone allows you to merge into gridlock traffic.**

**It is transmitted in the hug we give a stranger when we drape them with a lei and welcome them to our islands.**

**It is heard in the voice of an elderly man at the back of a crowded elevator "C'mon in... this is Hawai'i, there is always room for one more."**

**And it is felt when you look out of the airplane window at the shimmering turquoise water after a dreary Mainland trip...and you know that you are home.**

**You have returned home to a place that truly is special because we naturally treat each other with generosity, respect and trust.**

**The people of Hawai'i have placed their trust in us, their elected leaders.**

**Don't squander that trust.**

**Let the people be a part of their own government and participate in making this and other important decisions that will affect the lives of their families for years to come.**

**I don't believe people in other states are as quick to place their trust in elected officials.**

**The people of Hawai'i are a kind, trusting and forgiving people who have too often been let down.**

**Our residents are feeling good about the future for the first time in a long while.**

**It is now up to us to match their hope and enthusiasm with courageous actions that will both solve current problems and position our state to take advantage of future opportunities.**

**Let us remember that this legislative session is not about us; it is about the people of Hawai'i and the trust they have placed in us.**

**We have been given the privilege and responsibility of leadership during a critical time for our state, our nation and our world.**

**When history judges our actions, let us not be seen as quarreling and ineffective politicians who were primarily motivated by self-interest and the interests of our parties.**

**Let us instead be remembered as good statesmen who rose above the sound and fury to better serve all the people of Hawai`i.**

**Politicians all too often think about the next election. Statesmen think about the next generation.**

**Years from now when you reminisce about this time with your children and grandchildren, be able to tell them that it was a unique period in our state's history.**

**It was a time when Republicans and Democrats together took the bold steps needed to improve our schools, sustain a vibrant economy and make our communities safe.**

**It was a time when a bunch of politicians became a group of statesmen, and when the public was proud of what we had accomplished.**

**I truly believe the brightest days lie ahead for the Great State of Hawai`i.**

**By working together for Hawai`i's future we can turn that shining promise into a reality.**

**Mahalo to you all.**